

Switzerland's Radical Proposal on Immigration: Cap the Population

A referendum Sunday on keeping permanent residents below 10 million people reflects a growing discontent in the West; 'Most people are left behind'

ZUG, [Switzerland](#)—This Alpine nation has long relied on its geography to keep the world at bay. But with its valleys filling up, some here are pushing to replace natural barriers with something even more unyielding: a population cap.

Disgruntled by rising living costs and disillusioned by unfulfilled economic and social promises, the Swiss are at the vanguard of industrialized countries questioning the benefits of immigration, even the high-skilled workers many vie to attract. On Sunday, they will vote in a referendum to put a hard ceiling on the country's population.

Since 2000, the number of foreign-born residents has jumped from around one in five to one in three—the second-highest level among rich countries next to tiny Luxembourg, and compared with one in six in the U.S. That represents an enormous demographic shift for a small, mountainous country.

In Zug, a stretch of rolling hills and lakes not much larger than Washington, D.C., finance minister Heinz Tännler spent years rolling out the red carpet for highly skilled foreigners. They now fill jobs, homes and public-tax coffers.

They also created demand for ever more workers to serve a bigger population, in a circular effect that often overlooks the needs of local citizens, says Tännler. "It can't carry on."

The "No to a 10 million Switzerland!" proposal from the right-wing Swiss People's Party, or SVP, aims to limit the permanent-resident population, which includes both foreign nationals and Swiss citizens, to below 10 million until 2050, from a current 9.1 million.

The vote, open to citizens 18 and older, is expected to be close. The latest polls suggest that opposition to the population cap is edging ahead for the first time.

If passed, the initiative would force the federal government to restrict family reunifications for resident immigrants and new asylum claims the moment the population hits 9.5 million. If it touches the 10 million ceiling, Bern would be constitutionally required to tear up its free-movement agreement with the European Union, risking access to a market that absorbs over half of Swiss exports.

The proposal has the potential to not only reshape the nation's economy, but its political and social fabric. Even if it fails, the referendum reflects a broader shift in sentiment among rich countries that is upending the long-held consensus that open borders are the key to economic growth.





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For many longtime residents, the growth that immigration has helped fuel in Zug has also brought 'negative sides.'

'Not the same home'

For years, Western politicians pitched immigration as a cure-all—or at least a necessary evil—for the ills of aging societies. It would fix labor shortages, underfunded pension systems and lackluster productivity growth, they said.

But a historic influx of foreigners across the West, especially since the Covid-19 pandemic, doesn't appear to have solved those economic problems. In some cases, it might even have made them worse: raising demand, and therefore prices, for things like housing and adding pressure on social services like healthcare.

Anti-immigration sentiment that has simmered for years across Europe is boiling over, aggravated by the soaring costs, overburdened social-welfare systems and [lackluster economic prospects](#). Riots and protests have [erupted](#) in the U.K. over the past week after stabbings blamed on immigrants. The anger is [boosting populist right-wing politicians](#), who now [control or support governments](#) in over a half-dozen European countries including Italy, Sweden and the Netherlands, upending mainstream parties and policies.

Governments like Canada's "pushed the idea of immigration to solve problems, and it just didn't do anything," said Mikal Skuterud, an economics professor at the University of Waterloo in Canada.

Immigration can provide an economic boost if migrants are more highly skilled than the general population, Skuterud said. But if their skills broadly match the population, it will likely have little impact on productivity or labor shortages.

Economic output per hour worked, a measure of productivity, has broadly stagnated since 2017 across countries that received the largest inflows, including Australia, Canada, Germany and the U.K., according to data from the Organization for Economic Cooperation and Development. Social-welfare systems remain under pressure and labor shortages largely persist.

Even places that appear to be benefiting from the inflows, like Zug—nearly 60% of immigrants to Switzerland have college degrees, and the vast majority are from the EU—are having doubts.

"Most people are left behind," said Dolfi Müller, 71, a Zug native and former mayor. "It's not the same home it once was."

Müller plans to vote no to a population cap, arguing that it won't solve the canton's problems. But he says policymakers should "move down a gear" and target lower population and economic growth as the disadvantages of high immigration now outweigh the advantages.

"Lots of people don't speak English and feel displaced," he said of locals. "The older generation says, 'Before we were among ourselves, a small town on the lake.'"





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Zug's population has increased by around three-quarters since 1981, and its output per capita is the country's second highest.

Under [pressure from voters](#), governments that once opened the doors are now slamming them shut, not only to asylum seekers but also higher-skilled workers who arrive legally. Budget concerns, cultural clashes and some racism is at play. But voters' central worry is the lack of control over who comes in and how fast, regardless of their origin.

Canada's government [has slashed](#) its international student caps and temporary worker permits after a severe housing crisis reversed public opinion, long among the most positive toward immigration worldwide. The U.K. has increased visa fees and salary thresholds for skilled workers, aiming to [give priority](#) to professionals who provide an immediate fiscal benefit to the state. The moves [have slashed](#) net legal immigration by around 80% in under three years.

In Germany, the federal government has reintroduced border checks and expedited deportations to help cool growing [public resentment](#). The U.S. has increased its [vetting procedures](#) and ramped up [enforcement](#) and [removals](#). Denial rates for [high-skilled visas](#), like the EB-1 for extraordinary ability, have nearly doubled in recent months.

While immigration can buy time for politicians to address the challenges of aging populations, they don't solve the problem for good since the newcomers also age, said Alan Manning, economics professor at the London School of Economics. To avoid the economic effects of aging altogether would require implausible and rising numbers of immigrants, Manning said.

"Immigration is just like population growth. That's the simplest way of seeing it, and it's very rarely just simply seen through that lens," he said. "A lot of people think, well, immigration is good for the economy. But if you said, 'Higher population growth is good for the economy,' you might not go, 'Oh, yeah obviously.'"

Brexit à la Suisse?

The referendum in Switzerland is polarizing opinions in much the same way the U.K.'s [vote to leave the EU](#) did in 2016.

Opponents, including the main business lobby, *economiesuisse*, argue that a population cap would create huge risks for an economy reliant on international trade, stoke uncertainty for businesses and aggravate labor shortfalls. A sudden stop to immigration could sever relations with the EU, whose 450 million citizens are currently free to move to Switzerland if they have a job offer.

"We don't have an immigration problem, we have a demographic problem," said Simon Michel, chief executive of Ypsomed, a Swiss medical-technology company based near Bern. The country's aging population and low birthrate mean that within the next decade more Swiss people will die a year than are born.

“Why should I build a new factory if I potentially don’t find staff in 10 to 15 years because of labor shortages?” said Michel. Nearly one-third of his employees in Switzerland don’t have a Swiss passport.

Advocates of the population cap, which the SVP has dubbed the “Sustainability Initiative,” argue immigration creates more problems than it solves.

Immigration, they say, allows companies to simply import lower-cost workers instead of investing in locals or in new technologies like artificial intelligence to make their existing workers more productive. It also places additional strains on infrastructure; Yes campaign posters depict suffocating traffic jams and apartment blocks rising over pristine villages and fields.





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Required investments for the newcomers—in new roads, homes, hospitals and machinery—can hurt overall economic productivity, according to Manning, because that capital could have been used to better equip the existing population.

"We are buying growth with immigration," said Heidi Z'graggen, a centrist national politician who says she plans to vote yes to the population cap. "Businesses say they'd rather recruit in a bigger market, but we need to train people who are here."

Business leaders and politicians gathered in Zug one May evening to debate the referendum at a polished event space perched above the city, a manicured mélange of medieval buildings and glass-and-steel high-rises.

Switzerland's justice minister, Beat Jans, called the motion "an enormous risk...in an uncertain world" that would create a host of problems. Suzanne Thoma, a business executive who grew up locally, said a population cap would be like performing open-heart surgery on the export-oriented Swiss economy.

Nonsense, retorted Thomas Matter, a wealthy banker and SVP lawmaker who helped initiate the referendum. Mass immigration is a Ponzi scheme, he said, because newcomers also need goods and services, including, eventually, caregivers.

He argued that immigration was like a sugar high for an economy: It lifts top-line growth, but has struggled to lift GDP per capita, the more important metric.

Despite a heated debate, the mood in the room was conciliatory, with even some leading opponents recognizing that something needs to be done about the scale of recent inflows, which have approached 100,000 a year since the pandemic. That's equivalent to around 3.5 million a year for the U.S.

"Immigration is the lazy solution," said Peter Letter, a Zug businessman leading the local business lobby's No campaign against the population cap. Access to the vast European labor market means that businesses can fail to look closer to home, he said.





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Zug's evolution from quiet farming region to cosmopolitan 'Crypto Valley' is due in part to its rock-bottom tax rates.

Ypsomed's Michel, who's also a national center-right politician, has proposed a 10,000 franc fee, or about \$12,500, for businesses that want to employ EU citizens, to encourage them to recruit and train Swiss people.

But for most business leaders, a population cap is too brutal a measure.

Switzerland has been here before. Sunday's referendum comes more than a decade after a [2014 vote](#) to curb immigration narrowly passed, requiring the government to reintroduce quotas for foreigners moving to the country. The initiative was never truly implemented, however. Parliament found a loophole as it sought to [preserve economic ties](#) with the EU. The SVP initiative is designed to ensure the government can't slip out again.

Well-managed immigration can be beneficial, especially if it raises the skill level of the population, economists say. Research indicates that highly skilled immigrants have bolstered the U.S. economy, where over half of the founders of startups valued over \$1 billion were born overseas.

A certain level of immigration is also desirable to [avoid population declines](#) in aging Western nations, which could spark a vicious cycle of ever fewer workers and falling consumer demand, Manning and others argue.

But the economic debate about immigration isn't "entirely honest," said Sebastian Dullien, a prominent German economist. While the overall economic impact for a country might be positive, certain parts of the population lose out, especially lower-skilled workers, he said. Such groups would need to be compensated through the tax system, but "this was not done."

In Switzerland, the large number of EU immigrants has likely held down Swiss salaries and weighed on productivity growth, said Bertschi Group Executive Chairman Hans-Jörg Bertschi, whose logistics company has around 3,000 employees.

"The pressure to improve productivity in industries and the service sectors has disappeared," he said.

Zugzwang

Immigration has transformed Zug from a quiet farming region into a global hub for commodity trading (Glencore is based here) and multinational headquarters. It's more recently [become the epicenter](#) of the global blockchain industry, earning it the nickname "Crypto Valley."

The canton's population has increased by around three-quarters since 1981, growing from 76,000 to around 134,000. Its output per capita is around 193,000 francs, the second-highest in Switzerland after Basel-Stadt, home to big pharmaceutical headquarters.

At the finance department, Tännler has presided over fiscal surpluses averaging more than 300 million francs a year over the past five years. Those helped finance record investments, including a massive new bypass to ease congestion in the region, as well as investments in schools and new sports facilities.

On a recent afternoon, English-speaking schoolchildren ordered colorful beverages at Starbucks in a slick shopping mall filled with premium boutiques and tech offices. A handful of ramblers roamed the landscaped lakefront promenade, featuring a free walk-in aviary filled with brilliantly colored exotic birds. Wall Street types in ironed white shirts bustled through the central station.

Zug's cityscape has changed significantly since Anja Beck, a German-born real-estate agent, moved here 22 years ago.





In shopping areas and local restaurants, English is often more commonly heard than German.





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The city now boasts bigger supermarkets, more international schools and sports clubs, an array of fancy restaurants—and more traffic. Historic villas are giving way to multiple condominiums. “It’s sad,” Beck said. “It’s going to be all flats.”

Housing costs have surged: A family home starts at around \$8,000 to \$9,200 a month to rent, or \$3.5 million to buy, said Beck. The vacancy rate in 2023 was 0.42%, among the lowest in Switzerland.

Zug’s allure partly reflects its rock-bottom tax rates for businesses and individuals.

Raising taxes to help curb population growth would be risky, potentially triggering a flight of wealth to neighboring cantons, and would likely be rejected by local voters. Tännler has resisted tax increases, and last year unveiled a cantonal tax cut for 2026-29.

But the finance minister, who’s been instrumental in Zug’s transformation, now wants to pull up the welcome mat with the population cap.

“The opponents have no solution, they just want to keep doing what we’re doing,” said Tännler, an SVP member who recently switched to a yes vote. The initiative doesn’t mean an immediate halt to immigration, he said, but would allow Switzerland to steer the process.

Local firms can generate growth without more workers thanks to AI, he argues. And with less foreign competition, local workers might benefit from greater opportunities, he said. Switzerland, for example, imports thousands of doctors even though “I know many who would like to study medicine but can’t” because of local medical-school quotas.

Around 4,000 Zug residents move away each year, meaning that a quarter of the canton's population left over the past decade.





For Zug finance minister Heinz Tännler, SVP's proposal would allow Switzerland to steer the immigration process.

One of those is Ivo Zimmermann, a communications expert who was born and raised in Zug and lived here for around 50 years. Unable to find a reasonably priced house after a two-year search, the 62-year-old moved with his wife to the neighboring canton of Aargau around nine years ago.

When he bought his first home in Zug 25 years ago, it was a typical small town and affordable for a young family, Zimmermann said. Now, it's virtually impossible for locals to live at the same level without special connections or family property, he said. Several of his friends have also left.

Zimmermann, who works in Zurich, would love to return to the town his family called home for three generations. Zug is even more beautiful today, with a high standard of living and broad cultural possibilities. The canton's robust growth in recent decades "is also due to foreign workers, no doubt," he said. And it's not just expats benefiting; some locals have, too.

But something was lost as his hometown grew wealthier and English displaced German in many local spots. "We now see that the development has negative sides."

The country needs change, Zimmermann said, but the population cap "does not solve a single problem." He's already mailed in his vote: no.

